

David Lopez, Esq.
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Attorney for Plaintiff

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

DEBORAH DONOGHUE,

Plaintiff,

No. 07 CV 1884 (LBS)

- against -

**DELPHI CORPORATION and
MERRILL LYNCH & CO., INC.,**

Defendants.

STIPULATION OF SETTLEMENT

WHEREAS, this action was instituted by plaintiff Deborah Donoghue, as a shareholder of Delphi Corporation, pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78p(b) (the "Act"), to recover on behalf of Delphi Corporation the profits alleged to have been realized by defendant Merrill Lynch & Co., Inc., arising from the latter's alleged purchases and sales, or sales and purchases, of Delphi Corporation common stock within periods of less than six months, while alleged to have been a more-than-ten percent beneficial owner (as a member of a putative "group" under Section 13(d) of the Act) of Delphi Corporation; and

WHEREAS, counsel for plaintiff and counsel for Merrill Lynch & Co., Inc. have engaged in arms-length negotiations with each other, have fully explored the issues raised by the pleadings, and have arrived at a settlement of plaintiff's claim, which plaintiff asserted on behalf of Delphi Corporation; and

WHEREAS, Delphi Corporation filed Notice of the Proposed Stipulation of Settlement in the Chapter 11 cases filed by Delphi Corporation that are currently pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), captioned In re Delphi Corporation, et al., Case No. 05-44481 (RDD), pursuant to the Amended and Restated Order Under 11 U.S.C. §§ 363, 502, and 503, and Fed. R. Bankr. P. 9019(b), Authorizing Debtors to Compromise or Settle Certain Classes of Controversy and Allow Claims Without Further Court Approval (Docket. No. 8401), a copy of which Notice is attached as Exhibit A; and

WHEREAS, Delphi Corporation accepts the terms of this Stipulation of Settlement and agrees thereto;

NOW THEREFORE, it is hereby stipulated and agreed by and among the attorney for plaintiff, Deborah Donoghue, the attorneys for defendant Merrill Lynch & Co., Inc., and for nominal defendant Delphi Corporation, that the claim asserted by plaintiff Deborah Donoghue against defendant Merrill Lynch & Co., Inc., for the benefit of nominal defendant Delphi Corporation shall, subject to Court approval, be and hereby is settled upon the following terms and conditions:

1. Merrill Lynch & Co., Inc. shall pay to Delphi Corporation the sum of Two Hundred Twenty Five Thousand Dollars (\$225,000.00) within 10 days of the entry of an

order by this Court approving the terms of this Stipulation of Settlement pursuant to F.R.C.P. Rule 23.1.

2. Such payment shall be made in full and complete satisfaction of all sums allegedly owed by Merrill Lynch & Co., Inc. to Delphi Corporation in respect of the claim asserted in the Complaint.

3. Merrill Lynch & Co., Inc., and its affiliates, and Delphi Corporation, and its affiliates, currently have, have had in the past, and may have in the future other dealings with each other and this Stipulation of Settlement is not intended to and shall have no effect whatsoever on such other dealings that are not covered by the Settlement and/or the limited releases annexed hereto.

4. Within ten days of the entry of an Order by this Court approving the settlement as herein provided, Delphi Corporation, Merrill Lynch & Co., Inc. and Deborah Donoghue shall exchange releases in the forms annexed hereto as Exhibits B, C, and D respectively.

5. Plaintiff's counsel, David Lopez, Esq., shall apply to this Court for a fair and reasonable legal fee in the amount of \$75,000.00 plus out-of-pocket disbursements, in an amount not to exceed \$1,000.00, necessarily incurred by him in the prosecution of this action. The fee application will be supported by an affidavit of services, time records, and an itemization of disbursements. Delphi Corporation will not oppose an application in the amounts here stated. Delphi Corporation shall make payment in the amount awarded by the Court within ten days of its receipt of payment from Merrill Lynch & Co., Inc.

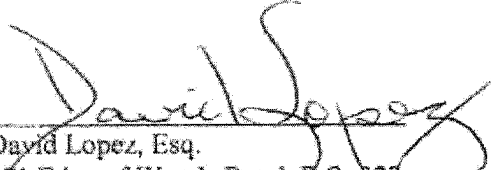
6. Should this Stipulation of Settlement not be approved by both this Court and the Bankruptcy Court, it shall be void and all negotiations and proceedings connected herewith shall be wholly without prejudice to the rights of any of the parties herein and shall not be deemed or construed to be an admission by any party hereto of any fact, matter or thing and shall not be offered or received in evidence in any action or proceeding.

7. It is understood and agreed that this Settlement is a compromise of a disputed claim and that this Settlement is not, in any way, at any time, or in any forum, to be offered or received in evidence in any action or proceeding or described as an admission or concession of liability or wrongdoing of any nature on the part of any of the parties.

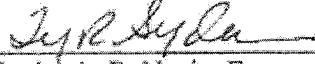
8. The parties shall cooperate in seeking to minimize the extent and cost of further proceedings and, to that end, shall request this Court to dispense with notice to the shareholders of Delphi Corporation of the convening of a settlement hearing.

IT IS SO STIPULATED.

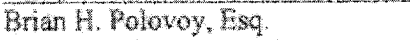
Dated: Southampton, New York
October 20, 2008


David Lopez, Esq.
171 Edge of Woods Road, P.O. 323
Southampton, New York 11969-0323
631.287.5520
Attorney for Plaintiff

Dated: New York, New York
October 30, 2008


Benjamin R. Nagin, Esq.
Tracey R. Seraydarian, Esq.
Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
212.839.5300
Attorneys for Merrill Lynch & Co., Inc.

Dated: New York, New York
October __, 2008


Brian H. Polovoy, Esq.
Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022-6069
212.848.4703
Attorneys for Delphi Corporation

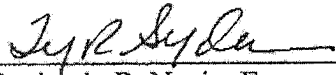
8. The parties shall cooperate in seeking to minimize the extent and cost of further proceedings and, to that end, shall request this Court to dispense with notice to the shareholders of Delphi Corporation of the convening of a settlement hearing.

IT IS SO STIPULATED.

Dated: Southampton, New York
October __, 2008

David Lopez, Esq.
171 Edge of Woods Road, P.O. 323
Southampton, New York 11969-0323
631.287.5520
Attorney for Plaintiff

Dated: New York, New York
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Brian H. Polovoy, Esq.
Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022-6069
212.848.4703
Attorneys for Delphi Corporation

Exhibit A

Objection Deadline: November 5, 2008 at 4:00 p.m. (prevailing Eastern time)

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
333 West Wacker Drive, Suite 2100
Chicago, Illinois 60606
(312) 407-0700
John Wm. Butler, Jr.
Albert L. Hogan, III
John K. Lyons
Ron E. Meisler

- and -

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Four Times Square
New York, New York 10036
(212) 735-3000
Kayalyn A. Marafioti
Thomas J. Matz

Attorneys for Delphi Corporation, et al.,
Debtors and Debtors-in-Possession

Delphi Legal Information Hotline:
Toll Free: (800) 718-5305
International: (248) 813-2698

Delphi Legal Information Website:
<http://www.delphidocket.com>

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----	x	
	:	
In re	:	Chapter 11
	:	
DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481 (RDD)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----	x	

NOTICE OF THE PROPOSED STIPULATION OF SETTLEMENT

PLEASE TAKE NOTICE that on October 30, 2008, Delphi Corporation ("Delphi"), a debtor and debtor-in-possession in the above-captioned cases, entered into that certain Stipulation of Settlement (the "Stipulation") to settle the claim asserted by plaintiff Deborah Donoghue against defendant Merrill Lynch & Co., Inc. ("Merrill Lynch"), for the benefit of nominal defendant Delphi, a copy of which is attached hereto as Exhibit A.

PLEASE TAKE FURTHER NOTICE that if timely written objections are filed, served, and received in accordance with this notice, a hearing to consider approval of the Stipulation will be held on November 6, 2008, at 10:00 a.m. (prevailing Eastern time) (the "Hearing") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

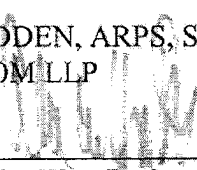
PLEASE TAKE FURTHER NOTICE that if no written objections to the Stipulation are timely filed, served, and received, Delphi will present the Stipulation to the Bankruptcy Court for consideration at the Hearing.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Stipulation must (a) be in writing, (b) conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the Southern District of New York, and the Claims Objection Procedures Order, (c) be filed with the Bankruptcy Court in accordance with General Order M-242 (as amended) – registered users of the Bankruptcy Court's case filing system must file electronically, and all other parties-in-interest must file on a 3.5 inch disk (preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format), (d) be submitted in hard copy form directly to the chambers of the Honorable Robert D. Drain, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of New York,

One Bowling Green, Room 632, New York, New York 10004, and (e) be served upon (i) Delphi Corporation, 5725 Delphi Drive, Troy, Michigan 48098 (Att'n: General Counsel) and (ii) counsel to Delphi, Skadden, Arps, Slate, Meagher & Flom LLP, 333 West Wacker Drive, Suite 2100, Chicago, Illinois 60606 (Att'n: John Wm. Butler, Jr., Albert L. Hogan, III, and John K. Lyons), in each case so as to be received no later than 4:00 p.m. (prevailing Eastern time) on November 5, 2008.

Dated: New York, New York
October 30, 2008

SKADDEN, ARPS, SLATE, MEAGHER &
FLOM LLP

By: 
John Wm. Butler, Jr.
Albert L. Hogan, III
John K. Lyons
Ron E. Meisler
333 West Wacker Drive, Suite 2100
Chicago, Illinois 60606
(312) 407-0700

Kayalyn A. Marafioti
Thomas J. Matz
Four Times Square
New York, New York 10036
(212) 735-3000

Attorneys for Delphi Corporation, et al.,
Debtors and Debtors-in-Possession

EXHIBIT B

RELEASE

To All To Whom These Presents Shall Come Or May Concern, Know That Merrill Lynch & Co., Inc. ("Releasor") for the Releases given to it by Delphi Corporation and Deborah Donoghue, and other good and valuable consideration paid to it, the receipt whereof is hereby acknowledged, releases and discharges Deborah Donoghue, her heirs, successors and assigns ("Releasees"), from all actions, causes of action, suits, debts, dues, sums of money, accounts, bonds, bills, reckonings, specialties, covenants, contracts, demands, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever in law, admiralty or equity, against the Releasee which the Releasor ever had, now has or hereafter can, shall or may have, from the beginning of the world to the date of this Release in respect of the claim under Section 16(b) of the Securities Exchange Act of 1934 asserted in the Complaint in the action filed in the United States District Court for the Southern District of New York captioned "Deborah Donoghue v. Delphi Corporation and Merrill Lynch & Co., Inc.", No. 07 CIV 1884 (LBS).

IN WITNESS WHEREOF, the Releasor has set Releasor's hand and seal this _____ day of October, 2008.

MERRILL LYNCH & CO., INC.

By: _____

EXHIBIT C

RELEASE

To All To Whom These Presents Shall Come Or May Concern, Know That Deborah Donoghue (“Releasor”) for good and valuable consideration paid to David Lopez, Esq. by Delphi Corporation, the receipt whereof is hereby acknowledged, releases and discharges Delphi Corporation and Merrill Lynch & Co., Inc., its and their subsidiaries, successors, affiliates, administrators, officers, directors, employees, agents, attorneys and assigns (collectively the “Releasees”) from all actions, causes of action, suits, debts, dues, sums of money, accounts, bonds, bills, reckonings, specialties, covenants, contracts, demands, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever in law, admiralty or equity, against Releasees which the Releasor, her heirs, executors, successors, administrators or assigns or any of them, ever had, now have or hereafter can, shall or may have for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this Release for the claims arising from the trading activities of Merrill Lynch & Co., Inc., and its affiliates, in the common stock of Delphi Corporation, as alleged in the Complaint in the action filed in the United States District Court for the Southern District of New York captioned “Deborah Donoghue v. Delphi Corporation and Merrill Lynch & Co., Inc.”, No. 07 CIV 1884 (LBS) (the “Released Claims”). Specifically included within the Released Claims, but not in limitation thereof, is any claim for attorney’s fees due by reason of the recovery of short-swing profits alleged in the Complaint.

IN WITNESS WHEREOF, the Releasor has set Releasor’s hand and seal this _____ day of October, 2008.

Deborah Donoghue

EXHIBIT D

RELEASE

To All To Whom These Presents Shall Come Or May Concern, Know That
Delphi Corporation (“Releasor”) for Two Hundred Twenty Five Thousand Dollars (\$225,000.00) paid to it by Merrill Lynch & Co., Inc., the receipt of which is hereby acknowledged, releases and discharges Merrill Lynch & Co., Inc., and Deborah Donoghue and, as applicable, its, her and their subsidiaries, successors, heirs, affiliates, administrators, officers, directors, employees, agents, attorneys and assigns (collectively the “Releasees”) from all actions, causes of action, suits, debts, dues, sums of money, accounts, bonds, bills, reckonings, specialties, covenants, contracts, demands, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands whatsoever in law, admiralty or equity, against Releasees which the Releasor ever had, now has or hereafter can, shall or may have, from the beginning of the world to the date of this Release for the claims under Section 16(b) of the Securities Exchange Act of 1934, as amended, arising from the trading activities of Merrill Lynch & Co., Inc., and its affiliates, in the common stock of Delphi Corporation, that have been asserted by Deborah Donoghue in the Complaint in the action filed in the United States District Court for the Southern District of New York captioned “Deborah Donoghue v. Delphi Corporation and Merrill Lynch & Co., Inc.”, No. 07 CIV 1884 (LBS).

IN WITNESS WHEREOF, the Releasor has set Releasor’s hand and seal this _____ day of October, 2008.

DELPHI CORPORATION

By: _____